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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on a consumer programme 2014-2020

{SEC(2011) 1320 final}
{SEC(2011) 1321 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

The Europe 2020 Strategy calls for "citizens to be empowered to play a full role in the single market", which "requires strengthening their ability and confidence to buy goods and services cross-border".

It has become more and more apparent that at a time when Europe needs new sources of growth, consumer policy is one area which can make a telling contribution to meeting the Europe 2020 objectives. In Europe there are 500 million consumers and consumer expenditure amounts to 56% of EU GDP. The more consumers are able to make informed decisions, the greater the impact they can have on strengthening the Single Market and stimulating growth. Empowered consumers that are well-protected and able to benefit from the Single Market can thus drive innovation and growth by demanding value, quality and service. The businesses which respond will be the best-placed to cope with the pressures of the global market.

Empowerment is not only a question of consumer rights but of building an overall environment that enables consumers to make use of those rights and benefit from them. It means building a framework wherein consumers can rely on the basic premise that safety is assured and that tools are in place to detect failings in standards and practices and to address them effectively across Europe. It means building an environment where consumers through education, information and awareness know how to navigate the Single Market to benefit from the best offers on products and services. Finally empowerment requires that consumers can confidently exercise their EU rights across Europe and that, when something goes wrong, they can count both on the effective enforcement of those rights and on easy access to efficient redress.

The Communication 'A budget for Europe 2020'¹ of 29 June 2011 allocated EUR 175 millions (in constant 2011 prices) to the Consumer Programme for the period 2014-2020.

In this context, this proposal aims at establishing a Consumer Programme for the period 2014-2020, as a successor to the 2007-2013 Programme of Community Action in the field of consumer policy.

The new Consumer Programme will support the general objective of future consumer policy placing the empowered consumer at the centre of the Single Market. European consumer policy supports and complements national policy by seeking to ensure that EU citizens can fully reap the benefits of the Single Market and that in so doing, their safety and economic interests are properly protected.

Leveraging the vast economic force of consumer expenditure (which represents 56% of EU GDP) will make an important contribution to meeting the EU objective of reigniting growth.

¹ COM(2011)500

- **General context**

The main problems to be addressed through the funding of actions under the new Programme are grouped in the following four categories:

- i) Safety: differences between Member States in enforcing product safety legislation, the presence of unsafe products on the Single Market; risks linked to the globalisation of the production chain; services safety; lack of an adequate coordination structure at EU level to ensure the best value of EU co-financing.
- ii) Information and education: lack of robust and good quality data and analysis on the functioning of the Single Market for consumers; insufficient capacity of consumer organisations, including lack of resources and expertise, notably in the new Member States; lack of transparent, comparable, reliable and user-friendly information for consumers, particularly for cross-border cases; poor knowledge and understanding of key consumer rights and protection measures by consumers and retailers alike; inadequacy of current EU consumer education tools, especially with regards to the developments in the digital environment.
- iii) Rights and redress: sub-optimal protection of consumer rights, in particular in cross-border situations; need to further improve the integration of consumer interests in EU policies; problems faced by consumers when trying to secure redress, notably cross-border.
- iv) Enforcement: CPC Network (network of national enforcement authorities) not used to its full potential; low awareness about ECC-Net (network of European Consumer Centres) among consumers and need to strengthen its effectiveness.

At the same time, the new Programme, with its four priorities of Safety, Information and education, Rights and redress, and Enforcement (SIRE), needs to take into account new societal challenges which have grown in importance in recent years. They include: the increased complexity of consumer decision-making, the need to move towards more sustainable patterns of consumption, the opportunities and threats that digitalisation brings, an increase in social exclusion and the number of vulnerable consumers and an ageing population.

- **The focus of actions under the Consumer Programme**

While the problems to be tackled by consumer policy are wide ranging, the relatively small size of the Consumer Programme means that actions to be financed under it have to be targeted on areas where intervention at EU level can make a difference and add value. The selected areas for actions are of three kinds:

- i) Actions corresponding to legal obligations imposed by the Treaty and the existing EU *acquis* in the field of consumer protection on the EU and Member States:
 - Financing the maintenance and proper functioning of the RAPEX² Network, of the CPC Network of enforcement authorities and of the cosmetics databases.

² RAPEX: EU rapid alert system for all dangerous consumer products (with the exception of food, feed, pharmaceuticals and medical devices)

ii) Actions which are not or could not be undertaken at national level because of their EU-level character:

- Assisting consumers on cross-border issues by:
 - co-financing the operation of the Network of European Consumer Centres (ECCs). National authorities or consumer organisations are usually not in a position to provide advice and support to consumers on cross-border issues;
 - supporting the development of a Union-wide on-line dispute resolution system dealing also with cross-border cases;
- Developing cooperation with international partners to deal with the impact of the globalisation of the production chain on product safety;
- Supporting the production of EU-level comparable consumer markets data for benchmarking between Member States and input into EU-level policy-making;
- Ensuring EU-level representation of consumer interests by financially supporting EU-level consumer organisations.

iii) Actions complementing and enhancing the efficiency of measures undertaken at national level:

- Coordination and co-financing of joint actions in the field of product safety and of consumer rights enforcement;
- Supporting awareness-raising campaigns on consumer issues with Member States and other stakeholders and working with intermediaries to contribute to the provisions of clear, transparent and reliable information to consumers;
- Supporting the training of national consumer organisations, which would be much more costly at national level without economy of scale;
- Providing a platform for exchange and sharing of good practices in the field of consumer education.

• **Objectives of the proposal**

The aim of the Consumer Programme is to support the policy objective of placing the empowered consumer at the centre of the Single Market. The Programme will do so by contributing to protecting the health, safety and economic interests of consumers, as well as to promoting their right to information, education and to organise themselves in order to safeguard their interests. The Programme will complement, support and monitor the policies of Member States.

The actions will support the following four specific objectives:

- i) Safety: to consolidate and enhance product Safety through effective market surveillance throughout the EU;

ii) Information and education: to improve consumers' education, information and awareness of their rights, to develop the evidence base for consumer policy and to provide support to consumer organisations.

iii) Rights and redress: to consolidate consumer rights in particular through regulatory action and improving access to redress including alternative dispute resolution.

iv) Enforcement: to support enforcement of consumer rights by strengthening cooperation between national enforcement bodies and by supporting consumers with advice.

These objectives support the objectives of Europe 2020 as regards growth and competitiveness. They will integrate specific Europe 2020 concerns on *digital agenda* (ensure that digitalisation actually leads to increased consumer welfare), *sustainable growth* (moving towards more sustainable patterns of consumption), *social inclusion* (taking into account the specific situation of vulnerable consumers and the need of an ageing population), *smart regulation* (consumer market monitoring to help in designing smart and targeted regulations).

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

• Consultation of interested parties

A mid-term evaluation of the current legal base, the Programme of Community action in the field of consumer policy (2007-2013), was conducted between May 2010 and February 2011³. In this context, the main stakeholders (Member States national authorities involved in consumer policies, EU and national consumer organisations and business) were consulted on the actions conducted under the current Programme.

The evaluation highlighted the added value of the Programme, despite the fact that European consumer policy is a relatively new field and that the level of EU funding under the Programme is relatively small. It underlined that actions under the Strategy and Programmes contribute to the Europe 2020 objectives of smart, sustainable and inclusive growth.

In particular, the results were globally positive with regard to the relevance of the objectives of the Programme, its impacts and added-value. The evaluation also concluded that the Programme will have long-term effects on consumer protection. National authorities generally confirmed that the Strategy and Programme were complementary to national consumer policies. However, the evaluation concluded that emerging social and environmental challenges were only partly addressed by the current Strategy and Programme.

³ jointly with the ex-post evaluation of the previous Programme and the mid-term evaluation of the Consumer Policy Strategy 2007-2013.

In addition, subsequent discussions with stakeholders have taken place in the course of preparing the new Consumer Programme, notably at the 2011 Consumer Summit in April 2011 and in the context of the consumer networks: the Consumer Policy Network (CPN) of national authorities, the Consumer Protection Cooperation Network (CPC) of national enforcement authorities and the European Consumer Consultative Group (ECCG), composed of European and national consumer organisations.

Contributions from the three main horizontal business organisations (BusinessEurope, UEAPME and EuroCommerce) were also requested.

Despite differences in focus, the contributions from national authorities and consumer organisations were generally supportive of the priority issues proposed by DG Sanco relevant to the Programme. Business organisations generally agreed with the priorities proposed by the Commission, stressing that the right balance should be struck between consumer protection and competitiveness.

In addition, the European Parliament has in recent years published a series of reports directly relevant to the activities conducted under the Programme⁴.

- **Impact assessment**

An impact assessment was conducted between February and July 2011 by the Directorate-General for Health and Consumers. It considered four options:

- Option 0 corresponds to the absolute minimum actions to be financed resulting from the legal obligations imposed by the Treaty and the existing EU acquis in the field of consumer protection.
- Option 1 corresponds to the baseline scenario. Under this option, the majority of actions conducted under the 2007-2013 Programme are pursued, with some adaptation. Some actions are substantially reduced or no longer implemented because they are no longer relevant, while some new actions are launched with a limited level of ambition (for instance on redress). It corresponds to a budget equal to or lower than the one provided under the current Programme.
- Option 2 corresponds to a more ambitious approach in line with Commission priorities (Europe 2020, Single Market Act) and the on-going reflection on the future of consumer policy⁵. The budget under this option is around EUR 25 millions annually.
- Option 3 would require a budget increase compared to the current Programme for some additional actions such as: the development of a public consumer product safety database; redress: setting up a fund to support the financing of cross-border redress actions.

⁴ Grech, Hedh and Arias reports, in 2010, Schaldemose and Kalniete reports in 2011. Svensson/Triantaphyllides report under completion.

⁵ which might take the form of a Consumer Agenda to be published in 2012.

The impact assessment has concluded that option 2 is the best option from a cost/benefit point of view. The budget under this option would be around 25 millions euro annually, which is in line with the proposed budget allocation for the consumer programme in the Communication 'A Budget for Europe 2020' of June 2011.

- **Simplification of the funding process**

The funding process will be simplified in particular through the use of partnership agreements and the support given to an EU-level coordination body for market surveillance relating to safety⁶.

The possibility of using lump sums whenever possible will be examined so as to reduce the administrative burden.

Should the Commission decide to use an executive agency for the implementation of the Consumer Programme, this would also contribute to the streamlining of procedures in funding process.

- **Added-value of the actions**

The Programme will support the objectives of future consumer policy putting EU consumers at the centre of the Single Market. The added-value of the actions under the four specific objectives is summarised below.

- i) Safety

In the field of safety, actions at EU level and cooperation through the General Product Safety Directive (GPSD) network delivers better results than a series of individual actions by Member States since it fills information gaps, including using information collected by other countries, and avoids disparities in the Single Market.

- ii) Information and education

Consumer market monitoring helps to identify weaknesses in national markets and Single Market obstacles that could be removed with reforms improving innovation and competition. In general, the data are designed to be sufficiently robust and representative to be used not only at EU but also at national level, thereby delivering some EU-scale efficiency gains and enabling Member States' benchmarking.

Support for strong and coherent representation from the consumer movement at EU level contributes to the provision of consolidated consumer input into EU policy-making, EU institutions and EU-level dialogues. It also ensures direct empowerment of and support for particularly weak organisations in the new Member States. Capacity-building actions for national consumer organisations supports the development of transnational networks between participants, including for mentoring and peer review.

⁶ this EU-level body should be established in the context of the revision of the General Product Safety Directive (GPSD) in order to ensure the streamlining of the funding procedures, better planning, coordination and information sharing between Member States authorities. It will not take the form of an agency.

EU consumer information and education initiatives increase consumer knowledge and confidence in cross-border transactions, thus supporting the completion of the Single Market. They facilitate best practice sharing between Member States and will contribute to the creation of a coherent and authoritative source of information/education at EU level.

iii) Rights and redress

Alternative Dispute Resolution (ADR) will offer a cheap, rapid and easy way of getting redress throughout the EU, ensuring a level playing field. ADR is a key action in the Single Market Act. The development of a Union-wide on-line dispute resolution system will lead to a co-ordinated approach, creating economies of scales and synergies.

iv) Enforcement

The European Consumer Centres' network contributes to the completion of the Single Market by providing advice and support to consumers on cross-border issues, which national authorities and consumer organisations are most often not in a position to do. Coordinated joint enforcement actions with the Consumer Protection Cooperation (CPC) Network of national enforcement authorities such as the 'sweeps' are a very efficient way to tackle issues which have a cross-border EU dimension.

3. LEGAL ELEMENTS OF THE PROPOSAL

The proposal is based on Article 169 of the Treaty on the Functioning of the European Union (TFEU). Measures adopted under Article 169 TFEU should have as their object the promotion of consumer interests and a high level of consumer protection. This proposal undertakes to financially support EU and Member State actions aiming at protection of consumers' safety, improvement of their access to information, and further strengthening of their rights. The choice of Article 169 TFEU as a legal basis is thus justified both by the objective and the content of the proposal. This proposal is to be adopted in accordance with the ordinary legislative procedure and after consulting the European Economic and Social Committee.

4. BUDGETARY IMPLICATION

The financial appropriations for implementing the Programme over the period from 1 January 2014 to 31 December 2020 will amount to EUR 197 millions in current prices. This corresponds to the proposed budget allocation for the consumer programme in the Communication 'A Budget for Europe 2020' of June 2011.

Proposal for a

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 169 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee⁷,

Having regard to the opinion of the Committee of the Regions⁸,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Communication from the Commission 'Europe 2020 – A strategy for smart, sustainable and inclusive growth'⁹ calls for citizens to be empowered to play a full part in the single market, which requires strengthening their ability and confidence to buy goods and services cross-border, in particular on-line.
- (2) The Union should contribute to putting consumers at the centre of the internal market by supporting and complementing Member States' policies in seeking to ensure that citizens can fully reap the benefits of the internal market and that in so doing, their safety and economic interests are properly protected by means of concrete actions.
- (3) This Regulation takes into account the economic, social and technical environment and the concomitant emerging challenges. In particular, actions funded under this programme will seek to address issues linked to globalisation, digitalisation, the need to move towards more sustainable patterns of consumption, population ageing, social exclusion and the issue of vulnerable consumers. Integrating consumer interests into all Union policies, in accordance with Article 12 TFEU, should be given high priority. Coordination with other Union policies and programmes is a key part of ensuring that consumer interests are taken fully into account in other policies. In order to promote

⁷ OJ C , , p. .

⁸ OJ C , , p. .

⁹ COM(2010) 2020 final of 3 March 2010

synergies and avoid duplication, other Union funds and programmes should provide for financial support for the integration of consumer interests in their respective fields.

- (4) These actions should be laid down in a consumer programme for the period 2014 – 2020 (hereinafter 'the Programme'), providing a framework for funding Union actions. In accordance with Article 49 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹⁰, this Regulation is to provide the legal basis for the action and for the implementation of the Programme. This Regulation builds on and continues the actions funded under Decision No 1926/2006/EC of the European Parliament and of the Council of 18 December 2006 establishing a programme of Community action in the field of consumer policy (2007-2013)¹¹.
- (5) It is important to improve consumer protection. To achieve this general objective, specific objectives should be set as regards safety, consumer information and education, rights and redress as well as enforcement in respect of consumer rights. The value and impact of the measures taken under the Programme should regularly be monitored and evaluated. For the purposes of evaluating consumer policy indicators should be developed.
- (6) It is necessary to provide for the eligible actions by which those objectives are to be achieved.
- (7) It is necessary to define the categories of potential beneficiaries eligible for grants.
- (8) The Programme should be for a period of seven years to align its duration with that of the multiannual financial framework laid down in Article 1 of the Council Regulation laying down the multiannual financial framework for the year 2014-2020.
- (9) This Regulation should lay down, for the entire duration of the Programme, a financial envelope constituting the principle reference, within the meaning of point [17] of the Interinstitutional Agreement of XX/YY/201Y between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on budgetary discipline and sound financial management¹², for the budgetary authority during the annual budgetary procedure.
- (10) The Agreement on the European Economic Area (hereinafter referred to as 'the EEA Agreement') provides for cooperation in the field of consumer protection between the European Union and its Member States, on the one hand, and the countries of the European Free Trade Association participating in the European Economic Area (hereinafter referred to as 'the EFTA/EEA countries'), on the other. Provision should also be made to open the Programme to participation by other countries, in particular the neighbouring countries of the European Union and countries which are applying for, are candidates for or are acceding to, membership of the European Union.
- (11) In the context of the implementation of the Programme, where appropriate, cooperation with third countries not participating in the Programme should be

¹⁰ OJ L 248, 16.9.2002, p. 1

¹¹ OJ L 404, 30.12.2006, p. 39

¹² ...

encouraged, taking into account any relevant agreements between those countries and the Union.

- (12) In order to amend certain non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of the adaptation of the indicators set out in Annex II. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council.
- (13) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission in respect of the adoption of annual work programmes. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers¹³. Given that the Programme does not set out criteria for the safety of products but aims at providing financial support to tools for the implementation of product safety policy, and given the relatively small amount concerned, it is appropriate that the advisory procedure applies.
- (14) It is appropriate to ensure a transition between the programme of community action in the field of consumer policy (2007-2013) and this Programme, in particular regarding the continuation of multi-annual measures and the evaluation of the previous programme's successes and areas that need more attention. As of 1 January 2021, the technical and administrative assistance appropriations should cover, if necessary, the expenditure related to the management of actions not completed by the end of 2020.
- (15) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States due to the cross-border nature of the issues involved, and can therefore by reason of the greater potential of Union action efficiently and effectively to protect the health, safety and economic interests of citizens be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on the European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (16) Decision No 1926/2006/EC of the European Parliament and of the Council of 18 December 2006 establishing a programme of Community action in the field of consumer policy (2007-2013) should accordingly be repealed.
- (17) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, penalties,

¹³ OJ L 55, 28.02.2011, p. 13

HAVE ADOPTED THIS REGULATION:

Article 1

Establishment

This Regulation establishes a multiannual consumer programme for the period from 1 January 2014 to 31 December 2020, hereinafter 'the Programme'.

Article 2

General objective

The aim of the Programme is to support the policy objective of placing the empowered consumer at the centre of the internal market. The Programme will do so by contributing to protecting the health, safety and economic interests of consumers, as well as to promoting their right to information, education and to organise themselves in order to safeguard their interests. The Programme will complement, support and monitor the policies of Member States.

Article 3

Specific objectives and indicators

1. The general objective referred to in Article 2 shall be pursued through the following specific objectives:

(a) Objective 1 - safety: to consolidate and enhance product safety through effective market surveillance throughout the Union.

This objective will be measured in particular through the activity of the EU rapid alert system for dangerous consumer products (RAPEX).

(b) Objective 2 - information and education: to improve consumers' education, information and awareness of their rights, to develop the evidence base for consumer policy and to provide support to consumer organisations.

(c) Objective 3 - rights and redress: to consolidate consumer rights in particular through regulatory action and improving access to redress including alternative dispute resolution.

This objective will be measured in particular through the recourse to alternative dispute resolution to solve cross-border disputes and through the activity of a Union-wide on-line dispute resolution system.

(d) Objective 4 - enforcement: to support enforcement of consumer rights by strengthening cooperation between national enforcement bodies and by supporting consumers with advice.

This objective will be measured in particular through the level of information flow and cooperation within the Consumer Protection Cooperation Network and the activity of the European Consumer Centres.

2. The description of the indicators is provided in Annex II.
3. The Commission shall be empowered to adopt delegated acts in accordance with Article 15 to adapt the indicators set out in Annex II.

Article 4

Eligible actions

The specific objectives referred to in Article 3 shall be achieved by means of the actions set out in the following list and in accordance with the priorities set out in the annual work programmes referred to in Article 12:

- (a) under objective 1 - safety:
 - (1) scientific advice and risk analysis relevant to consumer health and safety regarding non-food products and services including support for the tasks of the independent scientific committees established by Commission Decision No 2008/721/EC setting up an advisory structure of Scientific Committees and experts in the field of consumer safety, public health and the environment¹⁴;
 - (2) coordination of market surveillance and enforcement actions on product safety with regard to Directive No 2001/95/EC of the European Parliament and of the Council on general product safety¹⁵, and actions to improve consumer services safety;
 - (3) maintenance and further development of databases on cosmetics;
- (b) under objective 2 – information and education:
 - (4) building the evidence base for policy-making in areas affecting consumers;
 - (5) support to consumer organisations;
 - (6) enhancing the transparency of consumer markets and consumer information;
 - (7) enhancing consumer education;
- (c) under objective 3 – rights and redress:
 - (8) preparation by the Commission of consumer protection legislation and other regulatory initiatives, monitoring the transposition by Member States and the subsequent evaluation of its impact, and the promotion of co-regulatory and self-regulatory initiatives;

¹⁴ OJ L 241, 10.09.2008, p. 21

¹⁵ OJ L 11, 15.01.2002, p. 4

(9) facilitating access to and monitoring of the functioning and the effectiveness of dispute resolution mechanisms for consumers, in particular of alternative dispute resolution schemes, including on-line, also through the development and maintenance of relevant IT tools;

(d) under objective 4 – enforcement:

(10) coordination of surveillance and enforcement actions with regard to Regulation (EC) No 2006/2004 of 27 October 2004 on cooperation between national authorities responsible for the enforcement of consumer protections laws¹⁶;

(11) financial contributions for joint actions with public or non-profit bodies constituting Union networks which provide information and assistance to consumers to help them exercise their rights and obtain access to appropriate dispute resolution, including out of court online resolution schemes (the European Consumer Centres Network).

A more detailed description of the content that those actions may have is included in Annex I.

Article 5

Beneficiaries eligible for grants

1. Grants for the functioning of consumer organisations at Union level may be awarded to European consumer organisations which comply with all of the following conditions:
 - (a) they are non-governmental, non-profit-making, independent of industry, commercial and business or other conflicting interests, and have as their primary objectives and activities the promotion and protection of the health, safety, economic and legal interests of consumers in the Union;
 - (b) they are mandated to represent the interests of consumers at Union level by organisations in at least half of the Member States that are representative, in accordance with national rules or practice, of consumers, and that are active at regional or national level.
2. Grants for the functioning of international bodies promoting principles and policies which contribute to the objectives of the Programme may be awarded to organisations which comply with all of the following conditions:
 - (a) they are non-governmental, non-profit-making, independent of business or other conflicting interests, and have as their primary objectives and activities the promotion and protection of the health, safety, economic and legal interests of consumers;
 - (b) they carry out all of the following activities: provide for a formal mechanism for consumer representatives from the Union and third countries to contribute to political

¹⁶ OJ L 364, 09.12.2004, p.1

discussions and policies, organise meetings with policy officials and regulators to promote and advocate consumer interests with public authorities, identify common consumers issues and challenges, promote consumer views in the context of bilateral relations between the Union and third countries, contribute to the exchange and dissemination of expertise and knowledge on consumer issues in the Union and third countries, and produce policy recommendations.

3. Grants for the functioning of Union-level bodies established for the coordination of enforcement actions in the field of product safety may be awarded to bodies recognised for this purpose by Union legislation.
4. Grants for action to Union-wide bodies for the development of codes of conduct, best practices and guidelines for price, products quality and sustainability comparison may be awarded to bodies which comply with all of the following conditions:
 - (a) they are non-governmental, non profit-making, independent of producers of goods and service providers, free of conflicting interests, and have amongst their primary objectives and activities the promotion and protection of consumer interests;
 - (b) they are active in at least half of the Member States.
5. Grants for action to Member States' authorities responsible for consumer affairs and to corresponding authorities of third countries may be awarded to authorities notified to the Commission in accordance with Regulation (EC) No 2006/2004 or Directive 2001/95/EC by a Member State or by a third country referred to in Article 7 of this Regulation.
6. Grants to enforcement officials from Member States and third countries may be awarded to officials from authorities notified to the European Commission for the purposes of Regulation (EC) No 2006/2004 and of Directive 2001/95/EC by a Member State or by a third country referred to in Article 7 of this Regulation.
7. Grants for action may be awarded to a public body or a non-profit-making body selected through a transparent procedure and designated by a Member State or a third country referred to in Article 7 of this Regulation. The designated body shall be part of an Union network which provides information and assistance to consumers to help them exercise their rights and obtain access to appropriate dispute resolution (the European Consumer Centres Network).
8. Grants for action may be awarded to complaint handling bodies established and operating in the Union and in countries of the European Free Trade Associations participating in the European Economic Area, which are responsible for collecting consumer complaints, or attempting to resolve complaints, or giving advice, or providing information to consumers about complaints or enquiries, and which are a third party to a complaint or enquiry by a consumer about a trader.. They do not include consumer complaint handling mechanisms operated by traders and dealing with enquiries and complaints directly with the consumer or mechanisms providing complaint handling services operated by or on behalf of a trader.

Article 6

Financial framework

The financial envelope for the implementation of the Programme shall be EUR 197,000,000 in current prices.

Article 7

Participation of third countries in the Programme

Participation in the Programme shall be open to the participation of:

- (a) the countries of the European Free Trade Associations participating in the European Economic Area, in accordance with the conditions established in the Agreement on the European Economic Area;
- (b) third countries, in particular acceding and candidate countries as well as potential candidates, and countries to which the European Neighbourhood Policy applies, in accordance with the general principles and general terms and conditions for their participation in Union programmes established in the respective Framework Agreements, Association Council Decisions or similar agreements.

Article 8

Types of intervention and maximum level of co-financing

- 1. In accordance with Regulation (EC, Euratom) No 1605/2002, financial contributions by the Union may take the form of either grants or public procurement or any other interventions needed to achieve the objectives referred to in Articles 2 and 3.
- 2. The grants by the Union and their corresponding maximum levels shall be as follows:
 - (a) grants for the functioning of consumer organisations at Union level, as defined in Article 5(1), not exceeding 50% of the eligible costs;
 - (b) grants for the functioning of international bodies promoting principles and policies which contribute to the objectives of the Programme, as defined in Article 5(2), not exceeding 50% of the eligible costs;
 - (c) grants for the functioning of Union level bodies established for the coordination of enforcement actions in the field of product safety and recognised for this purpose by Union legislation, as defined in Article 5(3), not exceeding 95% of the eligible costs;
 - (d) grants for action to Union-wide bodies for the development of codes of conduct, best practices, guidelines for price, products quality and sustainability comparison, as defined in Article 5(4), not exceeding 50% of the eligible costs;

- (e) grants for action to Member States authorities responsible for consumer affairs and to the corresponding authorities in third countries participating pursuant to Article 7, as defined in Article 5(5), not exceeding 50% of the eligible costs, except in the case of actions of exceptional utility as defined in the annual work programmes, in which case the contribution by the Union to the costs shall not exceed 70%;
- (f) grants for the exchange of enforcement officials from Member States and third countries participating pursuant to Article 7, as defined in Article 5(6), covering travelling and subsistence allowances;
- (g) grants for action to bodies designated by Member States authorities responsible for consumer affairs and by the equivalent authorities in third countries participating pursuant to Article 7, as defined in Article 5(7), not exceeding 70% of the eligible costs;
- (h) grants for action to national consumer complaint bodies, as defined in Article 5(8), not exceeding 50% of the eligible costs.

Article 9

Administrative and technical assistance

The financial allocation for the Programme may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities which are required for the management of the programme and the achievement of its objectives; in particular, studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the Union as far as they are related to the general objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, together with all other technical and administrative assistance expenses incurred by the Commission for the management of the Programme.

Article 10

Methods of implementation

The Commission shall implement the Programme by means of the management modes referred to in Article 53 of Regulation (EC, Euratom) No 1605/2002.

Article 11

Consistency and complementarity with other policies

The Commission shall, in cooperation with the Member States, ensure overall consistency and complementarity between the Programme and other relevant Union policies, instruments and actions.

Article 12

Annual work programmes

The Commission shall implement the Programme by adopting annual work programmes in the form of implementing acts setting out the elements provided for in Regulation (EC, Euratom) No 1605/2002 and in particular:

- (a) the implementation priorities and the actions to be undertaken, including the allocation of financial resources;
- (b) the essential selection and award criteria to be used to select the proposals receiving financial contributions;
- (c) the time schedule of the planned calls for tenders and calls for proposals;
- (d) where appropriate, the authorisation to use lump sums, standard scales of unit costs or flat-rate financing in line with Regulation (EC, Euratom) No 1605/2002;
- (e) the criteria for assessing whether or not exceptional utility applies.

Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 16.

Article 13

Evaluation and dissemination of results

1. At the request of the Commission, Member States shall submit to it information on the implementation and impact of the Programme.
2. No later than mid-2018, an evaluation report shall be established by the Commission on the achievement of the objectives of all the measures (at the level of results and impacts), the efficiency of the use of resources and its European added value, in view of a decision on the renewal, modification or suspension of the measures. The evaluation shall additionally address the scope for simplification, its internal and external coherence, the continued relevance of all objectives, as well as the contribution of the measures to the Union priorities of smart, sustainable and inclusive growth. It shall take into account evaluation results on the long-term impact of the predecessor programme;

The longer-term impacts and the sustainability of effects of the Programme should be evaluated with a view to feeding into a decision on a possible renewal, modification or suspension of a subsequent programme.

3. The Commission shall make the results of actions undertaken pursuant to this Regulation publicly available.

Article 14

Protection of the financial interests of the Union

1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, **proportionate** and deterrent penalties.
2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds.

The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (Euratom, EC) No 2185/96¹⁷ with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract concerning Union funding.

Without prejudice to the first and second subparagraphs, cooperation agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.

Article 15

Exercise of delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The delegation of power referred to in Article 3 shall be conferred on the Commission for the period of the Programme 2014-2020.
3. The delegation of power referred to in Article 3 may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

¹⁷ OJ L 292, 15.11.1996, p. 2

5. A delegated act adopted pursuant to Article 3 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.

Article 16

Committee procedure

1. The Commission shall be assisted by a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

Article 17

Transitional measures

1. Article 6 of Decision No 1926/2006/EC shall continue to apply to actions covered by that Decision which have not been completed by 31 December 2013. Therefore, financial allocation for the Programme may also cover technical and administrative assistance expenses necessary to ensure the transition between the measures adopted under Decision No 1926/2006/EC and the Programme.
2. If necessary, appropriations may be entered in the budget beyond 2020 to cover expenses provided for in Article 9, to enable the management of actions not completed by 31 December 2020.

Article 18

Repeal

Decision No 1926/2006/EC is repealed with effect from 1 January 2014.

Article 19

Entry into force and date of application

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2014.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX I – Types of actions

Objective I - Safety: to consolidate and enhance product safety through effective market surveillance throughout the EU

1. Scientific advice and risk analysis relevant to consumer health and safety regarding non-food products and services

support for the tasks of the independent scientific committees established by Commission Decision 2004/210/EC setting up Scientific Committees in the field of consumer safety, public health and the environment¹⁸.

2. Coordination of market surveillance and enforcement actions on product safety with regard to Directive 2001/95/EC of the European Parliament and of the Council on general product safety, and actions to improve consumer services safety:

- (a) development and maintenance of IT tools (e.g. databases, information and communication systems);
- (b) organisation of seminars, conferences, workshops and meetings of stakeholders and experts on risks and enforcement in the area of product safety;
- (c) exchanges of enforcement officials and training;
- (d) specific joint cooperation actions in the area of the safety of non-food consumer products and services, under Directive 2001/95/EC;
- (e) monitoring and assessment of the safety of non-food products and services, including the knowledge base for further standards or the establishment of other safety benchmarks;
- (f) administrative and enforcement cooperation with third countries other than the ones falling under Article 7;
- (g) support to bodies recognised by Union legislation for the coordination of enforcement actions between Member States.

3. Maintenance and further development of databases on cosmetics

- (a) maintenance of the Cosmetic Products notification Portal set up under Regulation (EC) No 1223/2009 of the European Parliament and of the Council of 30 November 2009 on cosmetic products¹⁹;
- (b) maintenance of the database on cosmetics ingredients to support the implementation of Regulation (EC) No 1223/2009.

¹⁸ OJ L 66, 04.03.2004, p.45

¹⁹ OJ 342, 22.12.2009, p.59

Objective II – Information and education: to improve consumers' education, information and awareness of their rights, to develop the evidence base for consumer policy and to provide support to consumer organisations

4. Building the evidence base for policy-making in areas affecting consumers

that provide an evidence base for the development of consumer policy and for the integration of consumer interests into other Union policies, including:

- (a) Union-wide studies and analysis on consumers and consumer markets;
- (b) development and maintenance of databases;
- (c) development and analysis of national statistical and other relevant evidence. Collection of national data and indicators on prices, complaints, enforcement, redress, etc. will be developed in collaboration with national stakeholders.

5. Support to consumer organisations

- (a) financial contributions to the functioning of Union-level consumer organisations representing consumer interests according to the provisions of Article 5(1);
- (b) capacity building for regional, national and European consumer organisations, notably through training and exchange of best practice and expertise for staff members, in particular for consumer organisations in Member States which demonstrate a relatively low level of consumer confidence and awareness as evidenced by monitoring of consumer markets and the consumer environment in the Member States;
- (c) support to international bodies promoting principles and policies which are consistent with the objectives of the Programme.

6. Enhancing the transparency of consumer markets and consumer information

- (a) awareness-raising campaigns on issues affecting consumers, including through joint actions with Member States;
- (b) actions enhancing the transparency of consumers markets with regard to e.g. retail financial products, energy, digital and telecommunications, transport;
- (c) actions increasing consumers' access to relevant information on products and markets;
- (d) actions enhancing consumers' access to information on sustainable consumption of goods and services;
- (e) support to events concerning consumer policy of the Union which are organised by the presidency of the Union on issues in line with established Union policy priorities;
- (f) financial contributions to national complaint bodies to assist with the use of a harmonised methodology for classifying and reporting consumer complaints and enquiries for the collection and reporting of consumer complaints;

- (g) support to Union-wide bodies for the development of codes of conduct/best practices/guidelines for price/quality/sustainability comparison;
- (h) support for communication on consumer issues, including through support to the media to drive consumer empowerment and enforcement.

7. Enhancing consumer education

- (a) development of an interactive platform for exchange of best practices and consumer education materials directed to key target groups in particular young consumers, in synergy with the European financing programme in education and training;
- (b) development of education measures and materials on e.g. consumer rights including cross-border issues, health and safety, Union consumer legislation, sustainable consumption, financial literacy .

Objective III – Rights and redress: to consolidate consumer rights in particular through regulatory action and improving access to redress including alternative dispute resolution

8. Preparation, transposition assessment, monitoring, evaluation, implementation and enforcement by Member States of consumer protection legislative and other regulatory initiatives and the promotion of co-regulatory and self-regulatory initiatives, including

- (c) studies, ex ante and ex-post evaluations, impact assessments, public consultations, evaluation of existing legislation;
- (d) seminars, conferences, workshops and meetings of stakeholders and experts;
- (e) development and maintenance of easily and publicly accessible databases covering the implementation of Union legislation on consumer protection ;
- (f) evaluation of actions undertaken under the Programme.

9. Facilitating access to and monitoring of the functioning and effectiveness of dispute resolution mechanisms for consumers, in particular of alternative dispute resolution schemes, including on-line, also through the development and maintenance of relevant IT tools

- (a) development and maintenance of IT tools;
- (b) support for the development of a Union-wide on-line dispute resolution system and its maintenance, including for associated services such as translation.

Objective IV – Enforcement: to support enforcement of consumer rights by strengthening cooperation between national enforcement bodies and by supporting consumers with advice

10. Coordination of surveillance and enforcement actions with regard to Regulation (EC) No 2006/2004 of 27 October 2004 on cooperation between national

authorities responsible for the enforcement of consumer protection laws , including

- (a) development and maintenance of IT tools (e.g. databases, information and communication systems);
- (b) actions to improve cooperation between authorities as well as coordination of monitoring and enforcement such as exchanges of enforcement officials, common activities, trainings for enforcement officials and for members of the judiciary;
- (c) organisation of seminars, conferences, workshops and meetings of stakeholders and experts on enforcement;
- (d) administrative and enforcement cooperation with third countries which are not participating in the Programme.

11. Financial contributions for joint actions with public or non-profit bodies constituting Community networks which provide information and assistance to consumers to help them exercise their rights and obtain access to appropriate dispute resolution, including out of court online resolution schemes (the European Consumer Centres Network), including

the development and maintenance of IT tools (e.g. databases, information and communication systems) necessary for the proper functioning of the European Consumer Centres Network.

This list might be completed with additional actions of similar type and impact pursuing the specific objectives mentioned in Article 3.

ANNEX II

Indicators according to Article 3 of the Consumer Programme

Objective 1: Safety: To consolidate and enhance product safety through effective market surveillance throughout the EU

Indicator	Source	Current situation	Target
% of RAPEX notifications entailing at least one reaction (by other Member States)	RAPEX	43% (843 notifications) in 2010	Increase of 10% in 7 years
Ratio number of reactions / number of notifications (serious risks)*	RAPEX	1.07 in 2010	Increase of 15% in 7 years

** a notification can trigger several reactions from authorities from other Member States*

Objective 2: Information and education: to improve consumers' education, information and awareness of their rights, to develop the evidence base for consumer policy and to provide support to consumer organisations

Indicator	Source	Current situation	Target
Number of complaint bodies submitting complaints to the ECCRS	ECCRS (European Consumer Complaints Registration system)	na	60% of complaint bodies in 7 years
Trust in cross-border transactions - % of consumers who are equally confident or more confident in making an internet purchase from sellers from another Member State	Consumer Eurobarometer	37% in 2010	50% in 7 years

Objective 3: Rights and redress: to consolidate consumer rights in particular through regulatory action and improving access to redress including alternative dispute resolution

Indicator	Source	Current situation	Target
% of cross-border cases referred to ADR by ECCs	Annual ECC report	9% in 2010	50% in 7 years
Number of cases dealt with by an EU-wide on-line dispute resolution system		17.500 (complaints received by ECCs related to e-commerce transactions) in 2010	38.500 (+120%) in 7 years

Objective 4: Enforcement: to support enforcement of consumer rights by strengthening cooperation between national enforcement bodies and by supporting consumers with advice

Indicator	Source	Current situation	Target
Level of information flow and cooperation within the CPC Network: - number of requests to exchange information between CPC authorities - number of requests for enforcement measures between CPC authorities - number of alerts within the CPC network	CPC Network Database (CPCS)	annualised averages 2007-2010 129 142 63	- increase of 40% in 7 years - increase of 40% in 7 years - increase of 30% in 7 years
Number of contacts with consumers handled by the European Consumer Centres (ECC)	ECC report	71.000 in 2010	Increase of 50% in 7 years

These indicators might be supplemented by general context indicators.

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management method(s) envisaged

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. Summary of estimated impact on expenditure
 - 3.2.2. Estimated impact on operational appropriations
 - 3.2.3. Estimated impact on appropriations of an administrative nature
 - 3.2.4. Compatibility with the current multiannual financial framework
 - 3.2.5. Third-party participation in financing
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a European Parliament and Council Regulation on the Consumer Programme 2014-2020

1.2. Policy area(s) concerned in the ABM/ABB structure²⁰

Consumer policy

1.3. Nature of the proposal/initiative

- ☐ The proposal/initiative relates to **a new action**
- ☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action**²¹
- ☒ The proposal/initiative relates to **the extension of an existing action**
- ☐ The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The aim of the Consumer Programme is to support the policy objective of placing the empowered consumer at the centre of the Single Market. The Programme will do so by contributing to protecting the health, safety and economic interests of consumers, as well as to promoting their right to information, education and to organise themselves in order to safeguard their interests. The Programme will complement, support and monitor the policies of Member States.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective No.1.

Safety: to consolidate and enhance product Safety through effective market surveillance throughout the EU

ABM/ABB activity(ies) concerned

Consumer policy

Specific objective No 2

²⁰

ABM: Activity-Based Management – ABB: Activity-Based Budgeting.

²¹

As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

Information and education: to improve consumers' education, information and awareness of their rights, to develop the evidence base for consumer policy and to provide support to consumer organisations

ABM/ABB activity(ies) concerned

Consumer policy

Specific objective No 3

Rights and redress: to consolidate consumer rights in particular through regulatory action and improving access to redress including alternative dispute resolution

ABM/ABB activity(ies) concerned

Consumer policy

Specific objective No 4

Enforcement: to support enforcement of consumer rights by strengthening cooperation between national enforcement bodies and by supporting consumers with advice

ABM/ABB activity(ies) concerned

Consumer policy

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The beneficiaries of the Programme will be consumers, national authorities in charge of consumer protection and consumer organisations, with the overarching objective of improving the situation of consumers throughout the EU.

The Programme will offer support to consumer organisations at EU and national level, as well as Member States national authorities in charge of product safety and enforcement.

The Programme will also de facto benefit reputable businesses, as effective consumer policy supports the proper functioning of the Single Market, rewards the most competitive companies and drives out rogue operators. Empowered consumers are drivers of innovation and consumer policy will therefore support innovative business. Finally, economic operators will benefit from a level playing field based on clear rules and better coordinated enforcement. In this context, the Programme will contribute to stimulating the economic growth.

1.4.4. *Indicators of results and impact*

Specify the indicators for monitoring implementation of the proposal/initiative.

Objective 1: Safety: to consolidate and enhance product Safety through effective market surveillance throughout the EU

- % of RAPEX notifications entailing at least one reaction (by other Member States)
- Ratio number of reactions / number of notifications (serious risks)

Objective 2: Information and education: to improve consumers' education, information and awareness of their rights, to develop the evidence base for consumer policy and to provide support to consumer organisations

- Number of complaint bodies submitting complaints to the European Consumer Complaints Registration system (ECCRS)
- Trust in cross-border transactions - % of consumers who are equally confident or more confident in making an internet purchase from sellers from another EU country

This indicator has been included on a tentative basis in the absence of a clearly better alternative. It is likely to be amended / supplemented in future.

Objective 3: Rights and redress: to consolidate consumer rights in particular through regulatory action and improving access to redress including alternative dispute resolution

- % of cross-border cases referred to ADR by European Consumer Centres (ECCs)
- Number of cases dealt with by an EU-wide on-line dispute resolution system

Objective 4: Enforcement: to support enforcement of consumer rights by strengthening cooperation between national enforcement bodies and by supporting consumers with advice

- Level of flow of information and cooperation within the Consumer Protection Cooperation (CPC) Network:
 - number of requests to exchange information between CPC authorities
 - number of requests for enforcement measures between CPC authorities
 - number of alerts within the CPC network
- Number of contacts with consumers handled by the European Consumer Centres (ECCs)

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

The post-2013 Consumer Programme (hereafter the "Programme") will support the implementation of Commission action in the field of consumer policy from 2014 onwards. It builds on the results achieved through the current (2007-2013) Programme.

The new Programme will support the future consumer policy placing EU citizens as empowered consumers at the centre of the Single Market and complement initiatives focussing on the supply side.

There is a need for some continuity between the current and future Programmes, in line with the results of the mid-term evaluation of the 2007-2013 Strategy and Programme which underlines that the policy is relatively young at EU level and that continuity is key to achieving impact.

At the same time, new societal challenges have grown in importance, such as the increased complexity of decision making (information overload; more responsibility shifted to consumers following liberalisation; sophisticated products, services and advertising), the need to move towards more sustainable patterns of consumption, the opportunities and threats brought by the development of digitalisation, an increase in social exclusion and the number of vulnerable consumers and an ageing population.

The main problems to be addressed through the funding of actions relates to safety; information and education; rights and redress; and enforcement, as described in the Explanatory Memorandum.

1.5.2. Added value of EU involvement

The added value of EU involvement is described in the Explanatory Memorandum.

1.5.3. Lessons learned from similar experiences in the past

The ex-post evaluation of the 2004-2007 Programme stresses the added value, as it does for the mid-term evaluation of the 2007-2013 Programme (and Consumer Policy Strategy), despite the fact that European consumer policy is a relatively new field and that the level of EU funding under the Programme is relatively small. It underlines that actions under the Strategy and Programmes contribute to the Europe 2020 objectives of a smart, sustainable and inclusive growth.

The results are globally positive with regard to the relevance of the objectives of the Strategy and the Programme, their impacts and their added-value. It also concludes that the Programme will have long-term effects on consumer protection.

The evaluation makes apparent a certain divergence in views on the Strategy and the Programme between national authorities and consumer organisations, the former being more positive on the achievements of the Strategy and Programmes (overall 88% of national authorities and 82% of consumer organisations believe that the current Strategy has made a large or moderate (medium positive) contribution to EU consumer policy initiatives).

National authorities generally confirm that the Strategy and Programme are complementary to national consumer policy.

However, the evaluation concludes that emerging social and environmental challenges are only partly addressed by the current Strategy and Programme.

More specifically on the specific actions undertaken under the Programme:

i) Safety:

- On product safety, coordination has increased between market surveillance authorities. The report recommends further strengthening surveillance and enforcement through RAPEX, pursuing the efforts aimed at addressing the international dimension of the safety of products and capitalising on the use of new technologies.

ii) Consumer information and education:

- Consumer market monitoring, the Consumer Market Scoreboard and in-depth market studies have played an important role to support consumer policy. They play an essential role in the proper integration of consumer concerns into relevant EU policies and the design of effective legislation. The report also suggests further developing the understanding of actual consumer behaviour.

- Progress on consumer education has been variable, in particular for Dolceta where there is a concern as regards the definition of the target audience. The report suggests consolidating education tools, better defining Dolceta's target audience, its content and dissemination, and looking for synergies with national curricula.

- The support provided through the Programmes to EU level and national consumer organisations has been evaluated positively. The role of EU level organisations is seen as crucial for ensuring the representation of consumer interests in EU policy making. The reports suggests pursuing the training (capacity building) provided to national consumer organisations, and examining the possibility of providing courses at national level.

iii) Consumer rights and redress:

- The report points to the added value linked to the greater level of harmonisation brought by the legislative developments, either finalised or still in the making.

- The Programmes and the Strategy have been increasingly successful in the integration of consumer policy into relevant EU policies. The report suggests pursuing efforts in this field and to address new emerging challenges such as: issues linked to digitalisation, the move towards more sustainable patterns of consumption, the vulnerability of consumers caused by the crisis. It also calls for a clarification vis-à-vis stakeholders of the role of the various Commission services on consumer issues.

- Consumer access to redress remains a problem. The report refers to the need to make progress on this issue and to increase consumer awareness about the means of redress.

iv) Enforcement:

- Under the Strategy and Programmes, cross-border enforcement cooperation has been strengthened through the network of enforcement authorities (CPC Network) and coordinated actions such as "sweeps". The report suggests further increasing the coordination within the CPC Network and enforcement authorities.

- The Strategy and Programmes have provided increasing support to consumers who seek advice on disputes cross-border through the network of European Consumer Centres

(ECC-net). However, the report suggests increasing their visibility and hence consumers awareness.

1.5.4. *Coherence and possible synergy with other relevant instruments*

Links to Europe 2020 and flagships

The Europe 2020 Strategy calls for the "citizens to be empowered to play a full role in the single market", which "requires strengthening their ability and confidence to buy goods and services cross-border, in particular on-line".

Only informed and empowered consumers are able to make the best choices for their own welfare and for the health of the economy, through intensifying competition, innovation and the integration of the Single Market, thus supporting the overarching goal of the Europe 2020 Strategy. Leveraging the vast economic force of consumer expenditure (which represents 56% of EU GDP) will make an important contribution to meeting the EU objective of reigniting growth. This is confirmed by the 2011 Annual Growth Survey which identifies better consumer conditions as one of the drivers of growth. Consumer policy helps consumers navigate the extensive choice offered to them thereby promoting businesses which are more efficient and innovative.

Consumer policy will provide key contributions to the Digital Agenda flagship initiative (borderless and safe services and digital content markets, access, digital literacy), social inclusion (taking into account the situation of the more vulnerable consumers), sustainable growth (sustainable consumption) and the importance of smart regulation (consumer market monitoring as the basis for designing effective and targeted policies).

Links to Single Market Act and other initiatives

The Monti report on the new strategy for the Single Market argues that "Consumers and consumer welfare should be at the centre of the next stage of the single market." It stresses the importance of empowering consumers, basing policies on evidence and detecting markets failing consumers, the establishment of a digital single market, redress (through Alternative Dispute Resolution and collective redress), product safety and standardisation.

The Single Market Act highlights a number of these consumer related issues, in particular redress (as a strategic initiative), product safety, and the development of problem solving tools.

The 2010 Citizenship report, presented as a complementary initiative to the Single Market Act, identifies amongst others the absence of a single set of consumer protection rules, lack of awareness about existing means of redress and insufficient means of redress as obstacles to fully realising European citizenship.

The European Parliament issued several reports in 2010 including recommendations for the future of consumer policy:

The Grech report calls for a holistic approach putting consumers' interests at the heart of the Single Market. The report highlights inter alia: the importance of an evidence base and market monitoring, the issue of product and services safety, the major role played by consumer organisations, improving the capacity of problem solving mechanisms, integrating consumers' interests into relevant EU policies and legislation, consumer protection in financial services, redress and consumer information.

The Hedh report stresses the importance of the evidence base (Scoreboard, studies, complaints) and enforcement in the consumer law and product safety (including ADR, sweeps, the need for resources for CPC and ECC). It also highlights the need to include consumer interests into all EU policies and requests the Commission to publish an annual report on this issue, the role of consumer organisations, the need to develop consumer education (including for adults), consumer information (including through web portals, reaching vulnerable consumers), the need to promote sustainable consumption.

In the field of product safety, the Schaltemose report (2011) calls upon the Member States and the Commission to deploy adequate resources for efficient market surveillance activities, emphasising that failing market surveillance could generate a distortion of competition, jeopardise consumers' safety and undermine citizens' trust in the Single Market. The report also calls upon the Commission to further fund joint market surveillance actions and to allocate sufficient resources to support financially the creation of a platform and/or an organisation supporting extended coordination between Member States. The report also urges the Commission to establish a public Consumer Product Safety Information Database, including a platform for complaints.

The Arias report (2010) on e-commerce highlighted the importance of strengthening consumer confidence in this field.

In the context of the debate on the Single Market Act, the Kalniete report on "Governance and Partnership in the Single Market" underlined the importance of the future proposal on Alternative Dispute Resolution (ADR).

Finally, the Parliament is preparing for October an own-initiative report on the future consumer policy (rapporteur: Ms. Eva-Britt Svensson/Mr. Kyriakos Triantaphyllides).

1.6. Duration and financial impact

☒ Proposal/initiative of **limited duration**

- ☒ Proposal/initiative in effect from [01/01]2014 to [31/12]2020
- ☒ Financial impact from 2014 to 2020 in payment appropriations

☐ Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Management mode(s) envisaged²²

☒ **Centralised direct management** by the Commission

☒ **Centralised indirect management** with the delegation of implementation tasks to:

- ☒ executive agencies

²²

Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

- ☐ bodies set up by the Communities²³
- ☐ national public-sector bodies/bodies with public-service mission
- ☐ persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation
- ☐ **Shared management** with the Member States
- ☐ **Decentralised management** with third countries
- ☒ **Joint management** with international organisations (*to be specified*)

If more than one management mode is indicated, please provide details in the "Comments" section.

Comments

Executive agency EAHC: In accordance with Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for Executive Agencies to be entrusted with certain tasks in the management of Community programmes²⁴, the Commission has entrusted²⁵ the Executive Agency for Health and Consumers with implementation tasks for the management of the Programme of Community Action in the field of Consumer policy for 2007-2013. The Commission may therefore decide to entrust the Executive Agency for Health and Consumers also with implementation tasks for the management of the Consumers Programme 2014-2020.

Joint management : envisaged to support the OECD working party on product safety

²³ As referred to in Article 185 of the Financial Regulation.

²⁴ OJ L 11, 16.1.2003, p. 1.

²⁵ Commission Decision C(2008)4943 of 9 September 2008.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

The Programme foresees that the Commission informs a Member States Committee of the actions undertaken in the implementation of the Programme.

The Programme foresees that no later than mid-2018, an evaluation report shall be established by the Commission on the achievement of the objectives of all the measures, the efficiency of the use of resources and its European added value, in view of a decision on the renewal, modification or suspension of the measures.

Furthermore, the longer-term impacts and the sustainability of effects of the Consumer Programme should be evaluated with a view to feeding into a decision on a possible renewal, modification or suspension of a subsequent programme.

The ex-post evaluation of the current (2007-2013) Programme, which is foreseen before end 2015, will also provide useful elements for the implementation of the Programme 2014 – 2020.

2.2. Management and control system

2.2.1. Risk(s) identified

The budget implementation covers the attribution of service contracts as well as grants.

Grants will be awarded for support activities mainly to Member States authorities and to public bodies or non-profit making bodies designated and co-financed by the Member States. The period of execution of the subsidised projects is usually between one and two years. The annual number of grant agreements is limited and covers a budget of about EUR 13 million per year.

Service contracts will be concluded in particular for studies, data collection, evaluation, training, information campaigns, IT and communication services, facilities management etc. The contractors will be mainly institutes, laboratories, consultancy firms and other private companies of which many SMEs. The average annual budget for contracts is estimated at some EUR 12 million; the number of individual contracts is currently assessed at around 25 per year.

The main risks are the following:

- Risk of poor quality of selected projects and poor technical implementation of the project, reducing the programmes' impact; due to inadequate selection procedures, lack of expertise or insufficient monitoring;
- Risk of inefficient or non-economic use of funds awarded, both for grants (complexity of reimbursing actual eligible costs coupled with limited possibilities to check eligible costs at the desk) and for procurement (sometimes limited number of economic providers with the required specialist knowledge entailing insufficient possibilities to compare price offers);

- Reputational risk for the Commission, if fraud or criminal activities are discovered; only partial assurance can be drawn from the third parties' internal control systems due to the rather large number of heterogeneous contractors and beneficiaries, each operating their own control system, often rather small in size.

2.2.2. *Control method(s) envisaged*

The budget will be implemented by centralised direct management, though parts of the implementation tasks of the programme might be delegated to the existing executive agency EAHC. This agency set up its own internal control system, is supervised by DG SANCO, and audited by the Commission's internal auditor as well as the Court of Auditors.

DG SANCO and the EAHC alike put in place internal procedures that aim at covering the risks identified above. The internal procedures are in full compliance with the financial regulation and include cost-benefit considerations. Within this framework, SANCO continues to explore possibilities to enhance the management and to increase simplification. Main features of the control framework are the following:

- **Characteristics of the selection process of projects:** each call for proposals/tender is based on the annual Work Programme adopted by the Commission. In each call, the exclusion, selection and award criteria for selecting proposals/offers are published. Against these criteria, an evaluation committee evaluates each proposal/offer observing the principles of independence, transparency, proportionality, equal treatment and non-discrimination.
- **External Communication strategy:** DG SANCO has a well developed communication strategy that seeks to ensure the contractors'/beneficiaries' full understanding of the contractual requirements and provisions. Following means are being used: EUROPA Programme website; information meetings with beneficiaries/contractors; extensive guidance notes as well as "frequently asked questions" and a help desk.
- Controls before and during the implementation of the projects:
 - DG SANCO and the EAHC alike, use the model grant agreements and service contracts recommended by the Commission. They provide for a number of control provisions such as audit certificates, financial guarantees, on-site audits as well as inspections by OLAF. The rules governing the eligibility of costs will be simplified, for example, by using lump sums in a limited number of cost categories. This will also help to better concentrate the checks and controls. The introduction of partnership agreements is expected to improve the working relations with the beneficiaries and to enhance the understanding of the eligibility rules.
 - All staff signs the code of good administrative behaviour. Staff who are involved in the selection procedure or in the management of the grant agreements/contracts also sign a declaration of absence of a conflict of interest. Staff is regularly trained and uses networks to exchange best practices.
 - Technical implementation of a project is checked at regular intervals at the desk on the basis of technical progress reports of the contractor; in addition contractors' meetings and on-site-visits are foreseen on a case by case basis.

- Both SANCO's and EAHC's financial procedures are supported by the Commission's IT tools and have a high degree of segregation of duties: all financial transactions related to contracts/grant agreements are verified by two independent persons before they are signed by the authorising officers responsible for the activity. Operational initiation and verification is carried out by different members of staff of the policy areas. Payments are made on the basis of a number of pre-defined supporting documents such as approved technical reports as well as verified cost claims and invoices. For a sample of transactions, the central financial cell performs a second-level ex-ante desk verification; on a case by case basis, also an ex-ante on-site financial control can be carried out prior to final payment.
- **Controls at the end of the project:** Both DG SANCO and the EAHC have a centralised audit team who verifies on-the-spot the eligibility of cost claims. The aim of these controls is to prevent, detect and correct material errors related to the legality and regularity of financial transactions. With a view to achieving a high control impact, the selection of contractors to be audited foresees to (a) combine a risk based selection with a random sampling, and (b) pay attention to operational aspects whenever possible during the on-site audit.

Costs and benefits of controls: The programme's management and control measures are designed on the basis of past experience: in the past three years, the established internal control system ensured an average residual error rate of less than 2% as well as compliance with the grant and procurement procedures laid down in the financial regulation. These are the two main "control objectives" of both the previous and the new consumer programme.

As the main design features of the new programme are not significantly different from the previous programme, the risks related to programme implementation are considered to remain relatively stable. Thus, the established management and control measures are planned to be continued; nevertheless, further simplifications that might become possible under the new financial regulation will be taken up as soon and as far as possible. The management costs included in the Financial Statement (part 3.2.1) amount to EUR 12,5 million for EUR 197,2 million of funds managed from 2014 to 2020; this leads to a ratio "management costs to managed funds" of about 6,4%, which should be viewed in the context of a policy area which is not as spending-oriented as other EU policies.

Thanks to the combination of grants and procurement, risk based ex-ante and ex-post controls as well as desk checks and on-site audits, the "control objectives" will be achieved at a reasonable cost level. The benefits of achieving an average residual error rate of less than 2% and compliance with the provisions of the financial regulation are assessed as sufficiently important to justify the chosen management and control measures.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

In addition to the application of all regulatory control mechanisms, DG SANCO will devise an anti-fraud strategy in line with the Commission's new anti-fraud strategy (CAFS) adopted on 24 June 2011 in order to ensure *inter alia* that its internal anti-fraud related controls are fully aligned with the CASF and that its fraud risk management approach is geared to identify fraud risk areas and adequate responses. Where necessary, networking groups and adequate IT tools dedicated to analysing fraud cases related to the Consumer Programme will be set up. In particular a series of measures will be put in place such as:

- decisions, agreements and contracts resulting from the implementation of the Consumer Programme will expressly entitle the Commission, including OLAF, and the Court of Auditors to conduct audits, on-the-spot checks and inspections;
- during the evaluation phase of a call for proposals/tender, the proposers and tenderers are checked against the published exclusion criteria based on declarations and the Early Warning System (EWS);
- the rules governing the eligibility of costs will be simplified in accordance with the provisions of the Financial Regulation.
- regular training on issues related to fraud and irregularities is given to all staff involved in contract management as well as to auditors and controllers who verify the beneficiaries' declarations on the spot.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Description.....]	Diff./non-diff. (26)	from EFTA ²⁷ countries	from candidate countries ²⁸	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
3	17 01 04 03 Administrative expenditure in support of the Consumer Programme 2014 - 2020	Diff./non-diff.	YES/ N O	YES/ N O	YES/ N O	YES/NO
3	17 01 04 30 Executive Agency for –Health and Consumers (EAHC)	Diff./non-diff.	YES/ N O	YES/ N O	YES/ N O	YES/NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading.....]	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
3	17 02 06 Consumer Programme 2014 - 2020	Diff./ non-diff.	YES/ N O	YES/ N O	YES/ N O	YES/NO

²⁶ Diff. = Differentiated appropriations / Non-Diff. = Non-differentiated appropriations

²⁷ EFTA: European Free Trade Association.

²⁸ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to 3 decimal places)

Heading of multiannual financial framework:	3	Security and citizenship
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DG: SANCO			Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020[1]	TOTAL
Y Operational appropriations										
17 02 06 Consumer Programme 2014 - 2020	Commitments	-1	23,347	24,111	24,652	25,204	25,767	26,341	26,928	176,350
	Payments	-2	6,819	14,336	24,126	24,668	25,220	25,783	55,400	176,350
Appropriations of an administrative nature financed from the envelope for specific programmes										
17 01 04 [1]		-3	2,950	2,950	2,950	2,950	2,950	2,950	2,950	20,650
TOTAL appropriations for DG SANCO	Commitments	=1+3	26,297	27,061	27,602	28,154	28,717	29,291	29,878	197,000
	Payments	=2+3	9,769	17,286	27,076	27,618	28,170	28,733	58,350	197,000

• TOTAL operational appropriations	Commitments	-4	23,347	24,111	24,652	25,204	25,767	26,341	26,928	176,350
	Payments	-5	6,819	14,336	24,126	24,668	25,220	25,783	55,400	176,350
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		-6	2,950	2,950	2,950	2,950	2,950	2,950	2,950	20,650
TOTAL appropriations under HEADING 3 of the multiannual financial framework	Commitments	= 4+ 6	26,297	27,061	27,602	28,154	28,717	29,291	29,878	197,000
	Payments	= 5+ 6	9,769	17,286	27,076	27,618	28,170	28,733	58,350	197,000

[1] The Commission may entrust an executive agency with implementation tasks for the management of the Consumer Programme 2014 – 2020. Amounts and imputations will be adjusted if necessary according to the results of the externalisation process.

If more than one heading is affected by the proposal / initiative: NOT APPLICABLE

• TOTAL operational appropriations	Commitments	(4)								
	Payments	(5)								
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)								
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6								
	Payments	=5+ 6								

Heading of multiannual financial framework:	5	" Administrative expenditure "
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EUR million (to 3 decimal places)

		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL
DG: SANCO – Consumer Policy									
• Human resources [2]		1,146	1,169	1,192	1,216	1,240	1,265	1,291	8,520
• Other administrative expenditure [2]		0,228	0,233	0,237	0,242	0,247	0,252	0,257	1,695
TOTAL	Appropriations	1,374	1,401	1,430	1,458	1,487	1,517	1,547	10,215

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	1,374	1,401	1,430	1,458	1,487	1,517	1,547	10,215
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EUR million (to 3 decimal places)

		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	27,671	28,463	29,031	29,612	30,205	30,808	31,425	207,215
	Payments	11,143	18,687	28,505	29,076	29,657	30,250	59,897	207,215

[2] The Commission may entrust an executive agency with implementation tasks for the management of the Consumer Programme 2014 – 2020. Amounts and imputations will be adjusted if necessary according to the results of the externalisation process.

3.2.2. Estimated impact on operational appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☒ The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to 3 decimal places)

Objectives and outputs			Year 2014		Year 2015		Year 2016		Year 2017		Year 2018		Year 2019		Year 2020		TOTAL	
	OUTPUTS																	
	Type of output	Average cost of the output	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Total number of outputs	Total cost
SPECIFIC OBJECTIVE No 1 - To consolidate and enhance product safety through an effective market surveillance																		
- Output	scientific advice	0,417	1	0,393	1	0,400	1	0,409	1	0,417	1	0,425	1	0,434	1	0,442	7	2,919
- Output	market surveillance and enforcement actions	0,564	7	3,343	7	3,707	7	3,840	7	3,976	7	4,115	7	4,256	7	4,400	49	27,637
- Output	cosmetics portal and database	0,620	2	1,167	2	1,191	2	1,214	2	1,239	2	1,264	2	1,289	2	1,315	14	8,678
Sub-total for specific objective No 1			10	4,903	10	5,298	10	5,463	10	5,631	10	5,803	10	5,978	10	6,157	70	39,234

SPECIFIC OBJECTIVE No 2 - To improve consumers' access to useful information and enhance consumer education, to develop the evidence base and to support trusted intermediaries such as consumer organisations																		
- Output	evidence base	1,089	3	3,078	3	3,139	3	3,202	3	3,266	3	3,331	3	3,398	3	3,466	21	22,879
- Output	support to consumer organisations	0,808	3	2,282	3	2,327	3	2,374	3	2,421	3	2,470	3	2,519	3	2,569	21	16,962
- Output	consumer information	0,290	7	1,910	7	1,948	7	1,987	7	2,027	7	2,068	7	2,109	7	2,151	49	14,201
- Output	consumer education	0,789	2	1,486	2	1,515	2	1,546	2	1,577	2	1,608	2	1,640	2	1,673	14	11,045
Sub-total for specific objective No 2			15	8,755	15	8,930	15	9,109	15	9,291	15	9,477	15	9,666	15	9,860	105	65,087
SPECIFIC OBJECTIVE No 3 - To consolidate and further strengthen consumer rights and effective redress																		
- Output	preparation of legislation	0,394	5	1,857	5	1,894	5	1,932	5	1,971	5	2,010	5	2,050	5	2,091	35	13,806
- Output	coordination and monitoring of ADR	0,310	2	0,584	2	0,595	2	0,607	2	0,619	2	0,632	2	0,644	2	0,657	14	4,339
Sub-total for specific objective No 3			7	2,441	7	2,490	7	2,539	7	2,590	7	2,642	7	2,695	7	2,749	49	18,145

SPECIFIC OBJECTIVE No 4 - To strengthen the enforcement of consumer rights																		
- Output	coordination of enforcement actions	0,239	4	0,902	4	0,920	4	0,938	4	0,957	4	0,976	4	0,996	4	1,016	28	6,706
- Output	support to the European Consumer Centres	3,370	2	6,346	2	6,473	2	6,602	2	6,734	2	6,869	2	7,007	2	7,147	14	47,178
Sub-total for specific objective No 4			6	7,248	6	7,393	6	7,541	6	7,692	6	7,846	6	8,002	6	8,162	42	53,884
TOTAL COST			38	23,347	38	24,111	38	24,652	38	25,204	38	25,767	38	26,341	38	26,928	266	176,350

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- ☐ The proposal/initiative does not require the use of administrative appropriations
- ☒ The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL
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HEADING 5 of the multiannual financial framework								
Human resources	1,146	1,169	1,192	1,216	1,240	1,265	1,291	8,520
Other administrative expenditure	0,228	0,233	0,237	0,242	0,247	0,252	0,257	1,695
Subtotal HEADING 5 of the multiannual financial framework	1,374	1,401	1,430	1,458	1,487	1,517	1,547	10,215

Outside HEADING 5²⁹ of the multiannual financial framework	<u>NOT APPLICABLE</u>							
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 5 of the multiannual financial framework								

TOTAL	1,374	1,401	1,430	1,458	1,487	1,517	1,547	10,215
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The above figures and budget lines will be adjusted if necessary in accordance with the externalisation process envisaged.

²⁹ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

- ☐ The proposal/initiative does not require the use of human resources
- ☒ The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full amounts (or at most to one decimal place)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
• Establishment plan posts (officials and temporary agents)							
17 01 01 01 (Headquarters and Commission's Representation Offices)	6	6	6	6	6	6	6
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External personnel (in Full Time Equivalent unit: FTE)³⁰							
17 01 02 01 (CA, INT, SNE from the "global envelope")	6	6	6	6	6	6	6
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)							
XX 01 04 yy³¹	- at Headquarters ³²						
	- in delegations						
XX 01 05 02 (CA, INT, SNE - Indirect research)							
10 01 05 02 (CA, INT, SNE - Direct research)							
Other budget lines (specify)							
TOTAL	12	12	12	12	12	12	12

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints. Naturally, amounts and imputations will be adjusted depending on the results of the envisaged externalisation process.

Description of tasks to be carried out:

Officials and temporary agents	<p>Co-ordinate, draft and organise the adoption procedure for the annual work programmes (financing decisions), including consultation of a Member States committee</p> <p>Follow up / monitor programming and implementation of financial activities according to the budgetary and financial rules in force; contribute to activity reports</p>
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³⁰ CA= Contract Agent; INT= agency staff ("Intérimaire"); JED= "Jeune Expert en Délégation" (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert;

³¹ Under the ceiling for external personnel from operational appropriations (former "BA" lines).

³² Essentially for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

	<p>Prepare and maintain information tools; provide information for internal and external audits</p> <p>Establish and verify payments, commitments, and procurement/grant files; ensure they comply with the contract terms, and financial rules/regulations</p> <p>Assure proper accounting of the financial transactions</p> <p>Monitor deadlines of payments in accordance with the financial regulation and rules, as well as work-flows of individual financial files</p> <p>Prepare and provide training to external organisations regarding applications to calls for proposals</p> <p>Communicate relevant information to the contractors and beneficiaries throughout the project time</p> <p>Launch, manage and monitor calls for proposals / tenders, evaluation and selection of projects</p> <p>Follow up the implementation of projects and the performance of project managers and partners, monitor contractual obligations</p> <p>Monitor deadlines of payments in accordance with the financial regulation and rules as well as work-flows of individual financial files</p> <p>Verify the respect of the Financial Regulation, Implementing rules, internal rules on budget execution, Basic Act, Financing decision and other related rules and budgetary dispositions in the financial transactions</p> <p>Verify the grant agreement / contract with the selected beneficiary / contractor, and its justification</p> <p>Verify that the methodology, including eligibility, selection criteria and award criteria were correctly applied in the selection process and that the selection process was carried out in accordance with the rules</p> <p>Check correctness of commitment processes</p>
External personnel	<p>Prepare and maintain information tools; provide information for internal and external audits</p> <p>Establish and verify payments, commitments, and procurement/grant files; ensure they comply with the contract terms, and financial rules/regulations</p> <p>Assure proper accounting of the financial transactions</p> <p>Monitor deadlines of payments in accordance with the financial regulation and rules, as well as work-flows of individual financial files</p> <p>Prepare and provide training to external organisations regarding applications to calls for proposals</p> <p>Communicate relevant information to the contractors and beneficiaries throughout the project time</p> <p>Launch, manage and monitor calls for proposals / tenders, evaluation and selection of projects</p> <p>Follow up the implementation of projects and the performance of project managers and partners, monitor contractual obligations</p> <p>Monitor deadlines of payments in accordance with the financial regulation and rules as well as work-flows of individual financial files.</p> <p>Verify the respect of the Financial Regulation, Implementing rules, internal rules on budget execution, Basic Act, Financing decision and other related rules and budgetary dispositions in the financial transactions</p> <p>Verify the grant agreement / contract with the selected beneficiary / contractor, and its justification</p> <p>Verify that the methodology, including eligibility, selection criteria and award criteria were correctly applied in the selection process and that the selection process was carried out in accordance with the rules</p> <p>Check correctness of commitment processes</p>

3.2.4. *Compatibility with the current multiannual financial framework*

- ☒ Proposal/initiative is compatible with the 2014 – 2020 multiannual financial framework, as proposed by the Commission in its Communication COM(2011)500 of 29.06.2011.
- ☐ Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

NOT APPLICABLE

- ☐ Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework³³.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

NOT APPLICABLE

3.2.5. *Third-party contributions*

- ☒ The proposal/initiative does not provide for co-financing by third parties
- ☐ The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to 3 decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Total
Specify the co-financing body								
TOTAL appropriations cofinanced								

³³

See points 19 and 24 of the Interinstitutional Agreement.

3.3. Estimated impact on revenue

- ☒ Proposal/initiative has no financial impact on revenue.
- ☐ Proposal/initiative has the following financial impact:
 - ☐ on own resources
 - ☐ on miscellaneous revenue

EUR million (to 3 decimal places)

Budget revenue line:	Appropriations available for the ongoing budget year	Impact of the proposal/initiative ³⁴						
		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
Article								

For miscellaneous assigned revenue, specify the budget expenditure line(s) affected.

NOT APPLICABLE

Specify the method for calculating the impact on revenue.

NOT APPLICABLE

³⁴

As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.